

## Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 DOE-11 SOE-02 AID-05 CEA-01  
CIAE-00 COME-00 DODE-00 H-02 INR-10 INT-05 L-03  
NSAE-00 NSC-05 OMB-01 PM-05 USIA-15 OES-07 SP-02  
SS-15 STR-07 TRSE-00 ACDA-12 NRC-07 /136 R

DRAFTED BY EB/ORF/FSE:DTHICKEY:MEM  
APPROVED BY EB/ORF/FSE:GARSEN  
DOE - PBORRE

-----083889 181757Z /64

R 172340Z FEB 78  
FM SECSTATE WASHDC  
TO AMEMBASSY DUBLIN  
AMEMBASSY PARIS

UNCLAS STATE 043107

USOECN

E.O. 11652: N/A

TAGS: ENRG, IEA

SUBJECT: ENERGY: IEA/SLT REPORT ON BELGIUM

DUBLIN: PLEASE PASS TO MR. O'CALLAGHAN, DEPARTMENT OF  
INDUSTRY, COMMERCE AND ENERGY FROM MR. G. ROSEN,  
SLT CHAIRMAN.  
OECD: PLEASE PASS TO MR. P. KELLY, IEA SECRETARIAT.

1) CHAIRMEN OF THE STANDING GROUP ON LONG-TERM COOPERA-  
TION, CONSERVATION SUBGROUP, AND ACCELERATED DEVELOPMENT  
SUBGROUP, AND SECRETARIAT HAVE REVIEWED YOUR DRAFT  
REPORT ON THE ENERGY PROGRAM AND POLICIES OF BELGIUM.  
THE FOLLOWING TEXT INCORPORATES THEIR COMMENTS. PLEASE  
CONSIDER THE APPROPRIATENESS OF RECOMMENDED CHANGES IN  
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YOUR FINAL REPORT. YOU SHOULD ALSO ARRANGE TO DISCUSS  
YOUR REPORT WITH THE BELGIAN DELEGATE BEFORE THE NEXT  
SLT MEETING OF FEBRUARY 28-MARCH 1 AND COMMUNICATE FINAL  
VERSION TO THE SECRETARIAT.

2) STANDING GROUP ON LONG-TERM COOPERATION: REVIEW  
OF BELGIUM

RAPPORTEUR: J. O'CALLAGHAN (IRELAND)

I. SUMMARY DESCRIPTION OF PROGRAMME

BELGIUM'S ENERGY PROGRAMME WAS, AT THE TIME OF THE REVIEW (FEBRUARY 1978), IN THE PROCESS OF BEING REVISED. THE REPLIES FURNISHED TO THE QUESTIONNAIRE FOR THE REVIEW BY THE SLT ON NATIONAL ENERGY PROGRAMMES WERE BASED ON THE "WHITE BOOK" ON AN ENERGY POLICY FOR BELGIUM PREPARED IN FEBRUARY 1977 ON THE RESPONSIBILITY OF THE MINISTER FOR ECONOMIC AFFAIRS IN THE PREVIOUS GOVERNMENT. AT THE DATE OF THE REVIEW THE MINISTER FOR ECONOMIC AFFAIRS IN THE NEW GOVERNMENT WAS HAVING THE DOCUMENT REVISED TO BRING IT INTO LINE WITH THE NEW GOVERNMENT'S ENERGY POLICY OBJECTIVES. BELGIUM'S ENERGY PROGRAMME WAS THEREFORE IN A TRANSITIONAL STAGE ON THE DATE OF THE REVIEW AND IT WAS ANTICIPATED THAT REVISED PROPOSALS FOR AN ENERGY PROGRAMME WOULD BE SUBMITTED TO PARLIAMENT AT AN EARLY DATE.

NEARLY 60 PERCENT OF BELGIUM'S ENERGY DEMAND IS SUPPLIED BY OIL, ALL OF WHICH IS IMPORTED. ON THE BASIS OF THE PRESENT ENERGY PROGRAMMES, THE SHARE OF OIL IS EXPECTED TO DECLINE TO JUST UNDER 50 PERCENT BY 1985. IN CONNECTION WITH THE 1976 REVIEW IT WAS ESTIMATED UNCLASSIFIED

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THAT ENERGY DEMAND WOULD GROW AT A RATE OF 4.4 PERCENT ANNUALLY FROM 1975 TO 1985. FOR THE PURPOSES OF THE 1977 REVIEW, FORECASTS HAVE BEEN REDUCED TO TAKE ACCOUNT OF AN ANTICIPATED REDUCTION IN ECONOMIC GROWTH RATES; THESE FORECASTS INDICATE THAT ENERGY DEMAND IS EXPECTED TO GROW AT AN AVERAGE ANNUAL RATE OF 3.7 PERCENT FROM 1975 TO 1985 AND 3.5 PERCENT THEREAFTER. THIS WOULD MEAN THE REQUIREMENTS OF 60.2 MTOE IN 1985, AND 71.5 MTOE IN 1990.

THE MAJOR OBJECTIVES OF THE EXISTING ENERGY PROGRAMME IN BELGIUM ARE THE PROMOTION OF A STRONG ENERGY CONSERVATION PROGRAMME, THE UTILIZATION OF INDIGENOUS SOURCES OF ENERGY, PARTICULARLY COAL, THE CONTINUED ENCOURAGEMENT OF NUCLEAR POWER FOR THE PURPOSE OF ELECTRICITY GENERATION AND, GENERALLY, THE REDUCTION

OF DEPENDENCE ON IMPORTED OIL.

CONSERVATION:

ACCORDING TO BALANCES SUBMITTED, BELGIUM'S ENERGY CONSERVATION EFFORTS WOULD RESULT IN A REDUCTION OF THE TPE/GDP ELASTICITY BETWEEN 1976 AND 1985 TO 0.93. FIVE COMMISSIONS WERE ESTABLISHED OVER ONE YEAR AGO,

DEALING WITH THE RESIDENTIAL/COMMERCIAL SECTOR, INDUSTRY,

TRANSPORTATION, ENERGY PRODUCTION AND DISTRIBUTION AND RESIDUAL HEAT RECOVERY. THE COMMISSIONS HAVE RECENTLY FURNISHED THEIR REPORTS TO A CO-ORDINATION COMMITTEE OF WHICH THE CHAIRMAN IS THE MINISTER RESPONSIBLE FOR ENERGY. THIS COMMITTEE WILL SUBMIT CONCRETE PROPOSALS TO THE NEW GOVERNMENT AT AN EARLY DATE WITH A VIEW TO SECURING ENERGY SAVINGS IN ALL SECTORS.

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IN AN EFFORT TO ACHIEVE BETTER UTILIZATION OF ENERGY, THE GOVERNMENT AT PRESENT ENCOURAGES THE ELIMINATION OF WASTE BY APPLYING SPEED LIMITS FOR ROAD TRANSPORT, LOWER TEMPERATURES IN PUBLIC PREMISES, SCHOOLS, ETC., INSULATION OF EXISTING BUILDINGS, ADJUSTMENT AND CLEANING OF BURNERS IN THE FIVE MAJOR CONURBATIONS, INCENTIVES FOR INVESTMENT PROJECTS IN THE INDUSTRIAL AND COMMERCIAL SECTORS WHICH WOULD RESULT IN ENERGY SAVINGS OF AT LEAST 12 PERCENT, AND DEVELOPMENT AND IMPROVEMENT OF PUBLIC TRANSPORT FACILITIES.

ACCELERATED DEVELOPMENT:

COAL IS THE ONLY INDIGENOUS ENERGY RESOURCE IN BELGIUM BUT THE SHARE OF DOMESTIC COAL IN TPE IS LIKELY TO DECLINE FROM 12 PERCENT IN 1976 TO 8 PERCENT IN 1985 AND 7 PERCENT IN 1990. NUCLEAR POWER PLANTS WITH AN ANNUAL OUTPUT EQUIVALENT TO 2.2 MTOE AT PRESENT PRODUCE 25 PERCENT OF ELECTRICITY GENERATED, AND ARE EXPECTED TO INCREASE TO 7.7 MTOE IN 1985 OR APPROXIMATELY 50 PERCENT OF TOTAL ELECTRICITY REQUIREMENTS.

## II EVALUATION OF PROGRAMME

BELGIUM'S ENERGY POLICY IS IN A TRANSITIONAL STAGE BUT IT IS PROBABLY TRUE TO SAY THAT THE PRINCIPAL FACTORS ON WHICH FUTURE SUPPLY POLICY WILL BE BASED HAVE ALREADY BEEN DETERMINED -- NUCLEAR POWER STATIONS ARE BEING BUILT OR ORDERED, CONTRACTS FOR NATURAL GAS HAVE BEEN CONCLUDED, INDIGENOUS ENERGY RESOURCES ARE BEING UTILIZED. ON THE OTHER HAND, THERE HAS BEEN PROLONGED DELAY IN ESTABLISHING A STRONG CONSERVATION POLICY.

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OVERALL ENERGY POLICY OBJECTIVES:

THE OUTSTANDING FEATURE OF BELGIUM'S ENERGY PROGRAM IS THE VERY SIGNIFICANT CONTRIBUTION WHICH NUCLEAR

POWER IS MAKING TO THE COUNTRY'S TOTAL ENERGY

REQUIREMENTS. NUCLEAR CAPACITY WHICH WAS 1640 MW IN 1976 WILL INCREASE TO 3440 MW IN 1980 AND TO 5440 MW IN 1985, RESULTING IN A REDUCTION OF DEPENDENCE ON IMPORTED OIL FROM 60 PERCENT IN 1976 TO LESS THAN 50 PERCENT IN 1985. BELGIUM'S CONTRIBUTION TO ENERGY REQUIREMENTS BY WAY OF NUCLEAR POWER MUST BE REGARDED AS ONE OF THE HIGHEST AMONGST IEA MEMBER COUNTRIES.

THE CONTRIBUTION WHICH INDIGENOUS COAL WILL MAKE TO TOTAL ENERGY REQUIREMENTS IS NOT YET CLEAR AS A PROJECT FOR BUILDING A COAL FIRED POWER STATION WITH A NEW CAPACITY OF 660 MW IN THE CAMPINE BASIN, IS STILL BEING STUDIED. IF THE CONCLUSIONS ARE FAVOURABLE THE POWER STATION WILL PROBABLY BE OF THE COMBINED HEAT AND POWER TYPE.

THE OVERALL POSITION IS THAT THE EXISTING PROGRAMME CAN BE REGARDED AS SATISFACTORY IN TERMS OF SUPPLY, FROM THE VIEW POINT OF REDUCING DEPENDENCE ON IMPORTED OIL IN THE PERIOD UP TO 1985 BUT THE POSITION BEYOND THAT DATE IS SUBJECT TO A NUMBER OF UNCERTAINTIES, PARTICULARLY IN RELATION TO THE DEVELOPMENT OF FURTHER NUCLEAR PLANTS AND EXPLOITATION OF INDIGENOUS COAL RESOURCES.

ENERGY CONSERVATION:

ENERGY CONSERVATION CLEARLY IS THE WEAKEST ELEMENT IN THE BELGIAN ENERGY PROGRAMME. PUBLIC FUNDS ALLOCATED UNCLASSIFIED

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TO CONSERVATION ARE VERY SMALL, AND MAJOR MEASURES ARE STILL MISSING (E.G., MANDATORY BUILDING CODE). TOTAL PRIMARY ENERGY CONSUMPTION DECLINED FROM 46.7 MTOE IN 1973 TO 41.8 MTOE IN 1975 BUT THIS WAS DUE, TO A GREAT EXTENT, TO THE RECESSION IN ECONOMIC ACTIVITY IN THOSE YEARS. WITH THE UPTURN IN THE ECONOMY IN 1976 CONSUMPTION INCREASED BY 7 PERCENT TO A TOTAL OF 44.9 MTOE. ENERGY CONSUMPTION IN THE INDUSTRIAL SECTOR IS RELATIVELY HIGH, ACCOUNTING FOR 50 PERCENT OF TPE. BELGIAN INDUSTRY IS HIGHLY ENERGY INTENSIVE, BUT THE GOVERNMENT IS PLANNING TO RESTRUCTURE TOWARDS LESS ENERGY INTENSIVE USES. IT IS CLEAR THAT THERE IS CONSIDERABLE SCOPE FOR CONSERVATION IN THE INDUSTRIAL SECTOR AND IT IS HOPED THAT THE PROPOSALS AT PRESENT UNDER CONSIDERATION WILL PRODUCE A MORE VIGOROUS AND BETTER DEFINED CONSERVATION PROGRAMME. PRICES ARE NOT USED AS A MEANS TO DISCOURAGE CONSUMPTION; REVISION OF THE EXISTING DECLINING BLOC RATES FOR ELECTRICITY AND NATURAL GAS IN THE INDUSTRIAL AND DOMESTIC SECTORS

WOULD APPEAR TO MERIT CAREFUL CONSIDERATION.

FUEL SUBSTITUTION:

THE GOVERNMENT WILL PROVIDE 1.9 BILLION BF THROUGH TO 1985 FOR THE CONVERSION OF OIL FIRED PLANTS WITH A VIEW TO INCREASING SIGNIFICANTLY THE USE OF COAL FOR ELECTRICITY GENERATION. ALL NEW THERMAL PLANTS WILL BE MULTI-FIRED AND THESE DEVELOPMENTS WILL RESULT IN AN INCREASE IN COAL UTILIZATION FOR ELECTRICITY PRODUCTION FROM 21 PERCENT IN 1976 TO 26 PERCENT IN 1985 AND 1990. THE SHARE OF NATURAL GAS IN ELECTRICITY GENERATION WILL DECLINE FROM NEARLY 20 PERCENT IN 1973 TO 12 PERCENT IN 1985 AND LESS THAN 5 PERCENT

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IN 1990.

IT IS THE POLICY OF THE GOVERNMENT TO LIMIT THE USE OF NATURAL GAS IN INDUSTRY SO THAT IT CAN BE RESERVED FOR PREMIUM USES.

ENHANCED DOMESTIC PRODUCTION:

BELGIAN COAL RESERVES ARE SIGNIFICANT BUT PRODUCTION COSTS ARE HIGH AND THE INDUSTRY REQUIRES EXTREMELY HEAVY SUBSIDIES. THE POSSIBILITY OF BUILDING A 660 MW POWER STATION IN THE CAMPINE BASIN IS AT PRESENT BEING INVESTIGATED. AS ALREADY INDICATED THE BELGIAN NUCLEAR PROGRAMME IS MAKING A VERY CONSIDERABLE CONTRIBUTION TO THE COUNTRY'S ENERGY REQUIREMENTS UP TO 1985 BUT THERE IS CONSIDERABLE UNCERTAINTY ABOUT THE POSITION BEYOND THAT DATE BECAUSE OF THE DIFFICULTY OF FINDING SUITABLE SITES. IMPORTED NATURAL GAS IS A KEY FACTOR IN THE BELGIAN ENERGY PROGRAMME. CONTRACTS HAVE BEEN SECURED WITH THE NETHERLANDS, NORWAY, AND ALGERIA. SUPPLIES ARE EXPECTED TO INCREASE FROM 9.7 MTOE IN 1976 TO 13 MTOE IN 1985. EXPLORATION FOR HYDROCARBONS HAS RESULTED IN A PROMISING DISCOVERY OF NATURAL GAS, THE EXTENT OF WHICH HAS YET TO BE DETERMINED.

FALLBACK STRATEGY:

IN THE SITUATION WHICH EXISTS WHEREIN FUTURE ENERGY POLICY IS IN THE PROCESS OF REVISION, NO FALLBACK STRATEGY HAS BEEN FORMULATED. THE STRATEGY COULD BE BASED ON OPTIONS SUCH AS GREATER EXPLOITATION OF COAL RESOURCES, INTENSIFICATION OF THE NUCLEAR PROGRAMME, OR INCREASED IMPORTS OF COAL AND NATURAL GAS.

ACHIEVABILITY OF ENERGY BALANCES PROJECTED:

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ACHIEVEMENT OF PROJECTED ENERGY BALANCES DEPENDS ON ADOPTION AND IMPLEMENTATION OF A REVISED ENERGY PROGRAM RESULTING FROM PROPOSALS NOW BEING CONSIDERED BY THE GOVERNMENT. IT IS NOT CLEAR ON WHAT ASSUMPTIONS ENERGY DEMAND FORECASTS HAVE BEEN PREPARED, BUT THERE APPEARS TO BE A CLEAR NEED FOR A COMPREHENSIVE AND WELL-DEFINED CONSERVATION PROGRAM.

ADEQUACY OF EFFORTS:

THE BELGIAN GOVERNMENT'S STRONG PROGRAM FOR NUCLEAR POWER PLANTS MUST BE MATCHED IN OTHER SECTORS SUCH AS CONSERVATION AND DEVELOPMENT OF INDIGENOUS COAL RESOURCES. UNTIL SUCH EFFORTS ARE MADE, THE ENERGY PROGRAM CANNOT BE JUDGED AS ADEQUATE IN SUPPORT OF IEA REDUCED OIL IMPORT OBJECTIVES.

### III POLICY RECOMMENDATIONS

#### A. ENERGY CONSERVATION

-- A COMPREHENSIVE AND WELL-DEFINED CONSERVATION PROGRAM SHOULD BE ADOPTED QUICKLY AND GOVERNMENT BODIES OF ADEQUATE SIZE SHOULD BE CREATED FOR ITS RAPID IMPLEMENTATION.

-- INCREASED BUDGET AND GREATER FINANCIAL INCENTIVES FOR INDUSTRY TO ADOPT ENERGY EFFICIENT SYSTEMS AND TECHNOLOGIES; THE INTRODUCTION OF ENERGY AUDITING FOR ENERGY INTENSIVE INDUSTRIES AND AN ADVICE SERVICE FOR SMALL AND MEDIUM INDUSTRIES.

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-- THE ENERGY PRICE STRUCTURE SHOULD BE EXAMINED WITH A VIEW TO USING PRICES AS AN INSTRUMENT OF ENERGY CONSERVATION, PARTICULAR ATTENTION BEING GIVEN TO THE DECLINING BLOC RATES FOR ELECTRICITY AND NATURAL GAS IN THE INDUSTRIAL AND DOMESTIC SECTORS.

-- IN THE RESIDENTIAL/COMMERCIAL SECTOR, MANDATORY THERMAL AND LIGHTING STANDARDS SHOULD BE INTRODUCED FOR ALL NEW BUILDINGS; THE SCOPE AND EFFECTIVENESS OF THE INCENTIVE SCHEME FOR RETROFITTING EXISTING BUILDINGS SHOULD BE STRENGTHENED; MANDATORY EFFICIENCY STANDARDS AND LABELLING SHOULD BE INTRODUCED THROUGH AN APPROPRIATE MECHANISM; AND MORE EFFORTS SHOULD BE UNDERTAKEN TO INFORM, EDUCATE, AND MOTIVATE THE

POPULATION.

-- GOVERNMENT SUBSIDIES FOR PROMOTION OF DISTRICT HEATING AND INCENTIVES FOR THE COMBINED PRODUCTION OF HEAT AND POWER.

-- INTRODUCTION OF MANDATORY FUEL EFFICIENCIES FOR NEW CARS THROUGH AN APPROPRIATE MECHANISM AND MORE PROGRESSIVE TAXES ON CARS IN ACCORDANCE WITH GASOLINE CONSUMPTION.

B. ACCELERATED DEVELOPMENT

-- PROVIDE NECESSARY FINANCIAL SUPPORT THROUGH APPROPRIATE TARIFF RATES TO ENSURE SUCCESSFUL COMPLETION OF THE AMBITIOUS NUCLEAR POWER PROGRAM OUTLINED.

-- INCREASE STEAM COAL IMPORTS FOR ELECTRICITY GENERATION, WHICH WILL SUPPLEMENT NUCLEAR POWER THUS ASSURING THAT NO NEW OIL FIRED POWER STATIONS WILL BE REQUIRED.

-- PROVIDE SUPPORT AND FINANCIAL INCENTIVES TO ENSURE UNCLASSIFIED

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COMPLETION OF NECESSARY INFRASTRUCTURE FOR DELIVERY AND UTILIZATION OF GAS. VANCE

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## Message Attributes

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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014